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Plan to raise vet fees hits wall of opposition

By Richard Wolf, USA TODAY

WASHINGTON — Don Hogenson served four years in the Navy during the Korean War and emerged healthy nearly a half-century ago. Now 71, the retired president of an aerospace company gets his three monthly medications from a Department of Veterans Affairs medical center in Fargo, N.D. His co-payment: \$7 per prescription.

Jerry Wenditz's only problem during his four-year Korean War stint in the Navy "was getting seasick," he recalls. Now 74 and living on \$39,000 a year in Richmond, Va., he takes eight medicines regularly for his diabetes, heart and blood pressure that used to cost more than \$250 a month — until the Veterans Administration offered him the best coverage available on the market. He now pays \$56 a month for all eight drugs.

This year, the Bush administration tried to change the deal. The rationale was that veterans such as Hogenson and Wenditz, with incomes generally above \$25,000 and with no disabilities stemming from their service, can afford to pay a new \$250 annual enrollment fee and \$15 for each prescription. The \$400 million in annual revenue would help meet rising demand among veterans, including those from Iraq and Afghanistan, for government health care services.

Hogenson found the increase reasonable. "I think there probably should be some type of means-testing," he says.

Wenditz felt otherwise. "I put my time in. I didn't question what my health would be down the road," he says. So he and his American Legion colleagues called their congressmen to complain.

"They tell you, 'Don't worry. It won't pass,' " Wenditz says.

Looks like they were right.

'A lot of sentiment against that'

The story of the failed fee increase is typical of many efforts to raise revenue or cut spending in Washington, even when the government is running \$350 billion annual deficits. Talk of fiscal discipline often fades in the face of lobbying by groups that would be affected.

That's what happened when the administration tried, for the third consecutive year, to raise the fees for medical service charged to veterans considered less needy than others. Those who initially embraced the proposal backed down in the face of opposition from veterans' groups.

To Republicans who promised a leaner government, about the only thing less popular than raising taxes or fees is cutting veterans' benefits in wartime.

"It's just very difficult to increase fees on veterans," says Rep. James Walsh, R-N.Y., chairman of the House panel with jurisdiction over veterans' spending. "There's a lot of sentiment against that."

In this case, the nation's largest veterans' service organizations denounced the plan, and Republicans in Congress played the leading role in defeating it. The fee increases also suffered because of a confluence of outside factors:

- The sight of Americans fighting overseas since 2001 has boosted veterans' clout on Capitol Hill. About one-third of

the Senate and one-fourth of House members served in the military. "Clearly, the war in Iraq and Afghanistan has played a role in all of this," says Dennis Cullinan, legislative director for the Veterans of Foreign Wars.

- The presidential election in 2004 elevated veterans' political clout. Exit polls showed they gave Bush 57% of their votes, but Democrat John Kerry used his service in Vietnam to show that his party could compete for veterans' support. Fights over funding put Republicans at risk if they propose cost-cutting measures.

"I think that the Democrats can, should and will be very competitive" in the future, says John Hurley, who ran Veterans for Kerry.

- This year, a surge in revenue that has brought forecasts of a smaller budget deficit is allowing Republicans to reject virtually any new taxes or fees.

"There's an aversion up here to fee increases," says Rep. Hal Rogers, R-Ky., chairman of the House Appropriations subcommittee with jurisdiction over veterans.

The logic behind the proposed fee increases was twofold: It was intended to prioritize veterans' needs and to help trim the deficit.

Of the nation's 24.3 million veterans, 7.2 million are enrolled in the VA's health care system. More than 2 million of those are "Priority Group 7 and 8" veterans — those with incomes in the \$25,000-and-up range who have no service-related medical needs. They were first admitted into the system in 1996, when VA facilities were underutilized. Seven years later, they were excluded, but those who had joined were allowed to stay in.

'Resources are not unlimited'

Administration officials say the influx of less needy veterans has jeopardized care for those who are poor or were disabled in the line of duty. Three of 10 new patients must wait more than a month to see a primary-care doctor. At a budget hearing in February, VA Secretary Jim Nicholson said, "We have to make tough decisions. We have to set priorities."

The proposal would have raised more than \$450 million in 2006 and \$3.9 billion over 10 years. That's money that could have been put back into the system. And even with the increases, veterans would have gotten a deal competitive with that offered to career military retirees — and better than most private insurance.

Hogenson's son, Scott, the VA's deputy assistant secretary for public affairs, sees it this way: "Should I get the same treatment as Max Cleland? I don't think so," he says, referring to the former U.S. senator and VA chief who lost three limbs in Vietnam. "Certain veterans are higher-priority than certain other veterans."

That was the message the Bush administration sent to leaders in Congress on veterans' issues. Initially, they were supportive. "Resources are not unlimited," says Sen. Larry Craig, R-Idaho, chairman of the Senate Veterans' Affairs Committee. "I think it is reasonable to talk about a fee."

"It's not about cutting veterans' benefits," says Rep. Steve Buyer, R-Ind., chairman of the House Veterans' Affairs Committee. "The non-disabled health care rush pushes the disabled into waiting lines, and that's not right. That's contrary to our military values."

Listening to lobbyists

What Buyer and Craig quickly found was that most of their colleagues disagreed.

Within weeks, word of the proposed fee increases galvanized veterans' groups. In testimony to Congress and in visits to lawmakers' offices, in letters, phone calls and e-mails, the groups made the case that most vets who use VA facilities can't afford private insurance. "Nobody's got a limousine service that brings them to a VA hospital," says Steve Robertson, legislative director for the American Legion.

His group and others, including Veterans of Foreign Wars, Paralyzed Veterans of America, Disabled American Veterans and AMVETS, went to work against the proposal. They argued it was intended to force hundreds of

thousands of veterans out of the government health care system.

Buyer, a veteran of the Persian Gulf War who had backed a sliding-scale enrollment fee of up to \$500, was besieged by Republicans on his own committee. Leading the effort was Rep. Ginny Brown-Waite, whose Florida congressional district includes more veterans than any of the 434 others nationwide. Republican Rep. Jeb Bradley of New Hampshire carried the message to the House Budget Committee.

The result was a quick about-face, and the fee and co-payment increases were declared dead in Congress for the third straight year.

The House of Representatives voted 425-1 last month for a spending bill that includes a 9% increase in veterans' medical services — and no fee increases. When faced last week with a \$1.5 billion shortfall in the VA's 2006 health care budget caused by faulty cost projections, Congress found the money — without raising fees.

"Anything having to do with veterans has been a sacred cow," says Brookings Institution guest scholar Bill Frenzel, a former Republican congressman from Minnesota. "But I think it is more sacred than ever when we have troops committed and people dying for their country."

Brown-Waite acknowledges, however, that veterans' low health care fees can't be protected forever. The administration's proposals, she says, had some justification. "It's very difficult, once people have something, to raise the cost or take away the benefit," she says. But "I don't know how much longer we can hold it off."

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